

ORDER OF THE COMMISSIONER OF INSURANCE

REPEALING, RENUMBERING, AMENDING AND CREATING A RULE

The office of the commissioner of insurance proposes an order to repeal s. Ins 26.06 (2) (b) 3; to amend ss. Ins 6.59 (4) (a) and (as), 6.61 (title) and (15), 26.04 (1), 26.06 (2) (b) 3 and 26.07 (2); to repeal and recreate Ins 26 Appendices 1, 2, 3, 4 and 6; and to create ss. Ins 26.04(2)f) and 26.05 (5), Wis. Adm. Code, relating to the application process and requirements of prelicensing education for insurance agents.

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ANALYSIS PREPARED BY THE COMMISSIONER OF INSURANCE

Statutory Authority: ss. 600.01 (1) (b) 5, 601.41 (3), and 628.04.

Statutes interpreted: s. 628.04 (3), Stats.

This order amends the prelicensing education and application requirements for individuals seeking to become licensed insurance agents in the four major lines in Wisconsin. These changes do the following:

- Eliminate the requirement of an original certificate of prelicensing education from the requirements necessary to submit a "complete" application,
- add the requirement of an original letter of clearance to the documents which must be submitted in a complete application for applicants licensed in another state,
- require that the form DJ-LE-250 from the department of justice be submitted not more than 180, instead of 90, days prior to the test date for resident intermediaries or 180 days prior to the submission of an application for those applying for reinsurance intermediary-broker or reinsurance intermediary manager,
- mandate that intermediaries notify the commissioner of insurance of any change of name, and eliminate the requirement that intermediaries notify the

commissioner of changes in the location of their records or changes of business address,

- require credit and noncredit course providers to submit a computerized list of individuals completing prelicensing education programs in an electronic format,
- rescind the provision permitting an approved noncredit program to be taught by an individual found to be qualified by demonstrating exemplary education or experience in the line of insurance being taught,
- eliminate the requirement that applicants for intermediary licenses submit a certificate of prelicensing education with the application,
- modify the course requirements for prelicensing education, and
- eliminate the exemption from prelicensing education requirement from the prelicensing exemption form for nonresident agents seeking a nonresident license in Wisconsin.

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SECTION 1. Ins 6.59(4)(a) and (as), is amended to read:

Ins 6.59 (4) PROCEDURE. (a) Applicant for resident intermediary agents. Application for a permanent resident agent license, an enlargement of authority or managing general agent authority shall be made on form OCI 11-041 (rev) at the time of examination. A completed application consists of a completed OCI 11-041 (rev.) giving the current address for the residence of the applicant; ~~an original certificate of prelicensing education dated not more than one year prior to the test date or~~ an original exemption form as required in under ch. Ins 26, if required by s. Ins 26.04 (3); an original Form DJ-LE-250 provided from the Wisconsin department of justice, crime information bureau, dated not more than 180 days prior to the test date; payment of the fees to the testing vendor, a photograph of the applicant taken by the test service at the time of testing; an original letter of clearance, if previously licensed in another state; and any documentation required in answer to questions on the application.

(as) Application for reinsurance intermediary-broker or reinsurance intermediary-manager. Application for a reinsurance intermediary broker or manager license shall be made on form OCI 11-040 and filed with the office of the commissioner of insurance. A completed application consists of a completed application form; an original certificate of licensing from the state of residence, if other than Wisconsin, dated not more than 60 days prior to the application date; an original form DJ-LE-250, if a Wisconsin resident, provided from the Wisconsin department of justice, crime information bureau, dated not more than ~~90~~ 180 days prior to ~~the test date~~ submission of the application; and any documentation required in answer to questions on the application.

SECTION 2. Ins 6.61 (title) and (15) are amended to read:

Ins 6.61 (15) CHANGE OF NAME OR ADDRESS. Each intermediary shall, within 30 days, notify the commissioner of insurance in writing of any change in the intermediary's business name or residence address ~~or any change of address of location of the intermediary's records.~~

SECTION 3. Ins 26.04 (1) is amended to read:

Ins 26.04 Prelicensing requirement. (1) Each applicant for a property, casualty, life, or accident and health insurance license shall complete, not more than one year earlier than the date tested, at least 20 hours of a preliminary educational program approved by the commissioner in accordance with this chapter. ~~and present with the application a certificate of prelicensing education dated not more than one year earlier than the date tested. chapter.~~

SECTION 4. Ins 26.04 (2)(f) and 28.05 (5) are created to read:

Ins 26.04(2)(f) An applicant applying for an original resident license who held a license within the previous 6 months as a resident insurance agent in another state for each of the lines applied for in Wisconsin. The applicant must submit an original resident state letter of clearance dated not more than 60 days prior to the date of application as evidence of previous licensure.

Ins 26.05 INFORMATION REQUIRED. (5) A credit program shall submit to the commissioner a computerized list giving the name, home address, date of

completion, type of class and date of birth in an electronic format specified by the commissioner of all persons satisfactorily completing credit prelicensing education programs. Accompanying the submission shall be a letter signed by a person authorized to sign certificates of prelicensing education certifying that the students listed personally attended the minimum required statutory class room instruction. The computerized list shall be furnished to the commissioner within five days following the date of completion of credit prelicensing education programs.

SECTION 5. Ins 26.06 (2)(b) 3. is amended to read:

26.06 (2) (b) 3. A member of the state bar in at least one state or the District of Columbia who is engaged in the field of insurance-related law; or,

SECTION 6. Ins 26.06 (2) (b) 4. is repealed.

SECTION 7. Ins 26.07 (2) is amended to read:

Ins 26.07 (2) A noncredit program shall submit to the commissioner a computerized list giving the name, home address, date of ~~certificate completion~~, type of class, and date of birth ~~and social security number~~ in an electronic format specified by the commissioner of all persons satisfactorily completing noncredit ~~continuing~~prelicensing education programs. Accompanying the ~~diskette submission~~ shall be a letter signed by a person authorized to sign certificates of prelicensing education certifying that the students listed personally attended the minimum required statutory class room instruction. The computerized list shall be furnished to the commissioner within ~~ten~~ 5 days following the date of completion of noncredit prelicensing education programs.

SECTION 8. Chapter Ins 26 Appendices 1, 2, 3 and 4 are repealed and recreated to read:

#### APPENDIX 1 - CASUALTY INSURANCE COURSE REQUIREMENTS

##### SECTION A

##### I. Principles of Insurance -- 1 Hour

- A. Definition of risk
  - B. Risk management
  - C. Insurable and noninsurable risk
  - D. Pooling concept--law of large numbers
  - E. Types of insurance companies
  - F. Reinsurance
- II. General Wisconsin Insurance Laws -- 4 Hours
- A. Duties and powers of Insurance Commissioner--statutory and rule-making
  - B. Knowledge of administrative action process, including hearings and penalties
  - C. Purpose of licensing, including procedures and who must be licensed
  - D. Record keeping and changes in agent status, including change of name or address
  - E. Agent license expiration, revocation, suspension, and limitation
  - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
  - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
  - H. Unfair claims methods and practices--timely payment of claims
  - I. Fair rating practices
  - J. Home and telephone solicitation requirements
  - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
  - L. Controlled business
  - M. Proper exchange of business
  - N. Unfair marketing practices
    - 1. Misrepresentation
    - 2. Unfair inducement
    - 3. Unfair discrimination
    - 4. Extra charges
    - 5. Influencing employers
    - 6. Unfair use of official position
    - 7. Returning indicia of agency
    - 8. Churning
    - 9. Twisting
    - 10. Restraint of competition
    - 11. Unfair restriction of contracting parties choice of insurer

- O. Insurance contracts in Wisconsin
- III. Ethics -- 3 Hours
- A. Fiduciary duties, and responsibilities
  - B. Conflict of interest
  - C. Ethical marketing practices, including fair and ethical treatment of policyholders
  - D. Appropriate claims practices
  - E. Suitability of product to client
  - F. Social responsibility of insurance agent
  - G. Agent/company relationships
  - H. Maintaining appropriate insurance expertise

SECTION B

IV. Terms, Concepts and Policies -- 10 Hours

A. Insurance terms and related concepts

1. Risks
2. Hazards
3. Indemnity
4. Insurable interest
5. Actual cash value
6. Negligence
  - a. Contributory
  - b. Comparative
7. Liability
8. Accident
9. Occurrence
10. Burglary
11. Robbery
12. Theft
13. Mysterious disappearance
14. Fidelity (employee dishonesty)
15. Warranties
16. Representations
17. Concealment
18. Bodily injury liability
19. Property damage liability
20. Personal injury liability
21. Limits of liability
22. Deductibles
23. Incidental contracts
24. Binders
25. Custodian
26. Messenger

27. Guard or watchperson

B. Policy provisions

1. Declarations
2. Insuring agreement
3. Conditions
4. Exclusions
5. Definition of the insured
6. Duties of the insured
7. Cancellation and nonrenewal provisions
8. Supplementary payment (additional coverages)
9. Proof of loss
10. Notice of claim
11. Arbitration
12. Pro rata liability (other insurance)
13. Subrogation
14. Compliance with provisions of Fair Credit Reporting Act
15. Claims made policy form
16. Salvage
17. Consent to settle a loss
18. Limitations

C. Types of policies, bonds, and related terms

1. Automobile Insurance - personal & family auto and business & commercial auto
  - a. Bodily injury
  - b. Property damage
  - c. Limits
    - (1) Split
    - (2) Single
  - d. Medical payments
  - e. Supplementary payments
  - f. Physical damage
    1. Collision
    2. Comprehensive
  - g. Uninsured motorist
  - h. Underinsured motorist
  - i. Named insureds
  - j. Insureds
  - k. Owned automobile

- l. Nonowned automobile
  - m. Temporary substitute auto
  - n. Hired auto
  - o. Cancellation and nonrenewal
  - p. Towing and labor
  - q. Personal auto policy
  - r. Family auto policy
  - s. Business auto policy
  - t. Garage liability policy
- 2. General liability
    - a. Exposures (hazards)
      - (1) Premises and operations
      - (2) Products and completed operations
      - (3) Contractual liability
      - (4) Vicarious liability/independent contractors
    - b. Coverage forms
      - (1) Commercial General Liability (CGL)
        - (a) Occurrence form
        - (b) Claims made form
      - (2) Owners and contractors protective liability
- 3. Commercial general liability
  - 4. Bonding and commercial crime insurance
    - a. Theft, disappearance and destruction form
    - b. Robbery and safe burglary form
    - c. Premises burglary coverage form
    - d. Fidelity bonds
    - e. Surety bonds
    - f. Other miscellaneous bonds
  - 5. Worker's compensation
  - 6. Professional liability
    - a. Errors and omissions
    - b. Directors and officers
  - 7. Umbrella/excess liability

V. Wisconsin Casualty Insurance Law - 2 Hours

- A. General rate standards
- B. Prohibited classification of risks
- C. Surplus lines
  - 1. Definition
  - 2. Prohibitions and restrictions
  - 3. Responsibilities of agents and brokers
- D. Oral contracts
- E. Automobile liability
  - 1. Financial responsibility
    - a. Definition

- b. Persons required to show proof
  - 2. Required coverages and prohibited exclusions
    - a. Uninsured motorist
  - 3. Cancellation or nonrenewal
  - 4. Responsibility for minors operating motor vehicles
  - 5. Wisconsin Automobile Insurance Plan
- F. Worker's compensation
- 1. Purpose
  - 2. Definitions
  - 3. Wisconsin worker's compensation insurance pool

APPENDIX 2 - PROPERTY INSURANCE COURSE REQUIREMENTS

SECTION A

- I. Principles of Insurance -- 1 Hour
  - A. Definition of risk
  - B. Risk management
  - C. Insurable and noninsurable risk
  - D. Pooling concept--law of large numbers
  - E. Types of insurance companies
  - F. Reinsurance
- II. General Wisconsin Insurance Laws -- 4 Hours
  - A. Duties and powers of Insurance Commissioner--statutory and rule-making
  - B. Knowledge of administrative action process, including hearings and penalties
  - C. Purpose of licensing, including procedures and who must be licensed
  - D. Record keeping and changes in agent status, including change of name or address
  - E. Agent license expiration, revocation, suspension, and limitation
  - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
  - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
  - H. Unfair claims methods and practices--timely payment of claims
  - I. Fair rating practices
  - J. Home and telephone solicitation requirements
  - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
  - L. Controlled business
  - M. Proper exchange of business
  - N. Unfair marketing practices
    - 1. Misrepresentation
    - 2. Unfair inducement
    - 3. Unfair discrimination
    - 4. Extra charges
    - 5. Influencing employers

6. Unfair use of official position
7. Returning indicia of agency
8. Churning
9. Twisting
10. Restraint of competition
11. Unfair restriction of contracting parties choice of insurer

O. Insurance contracts in Wisconsin

III. Ethics -- 3 Hours

- A. Fiduciary duties, and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of product to client
- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise

SECTION B

IV. Terms, Concepts, and Policies -- 10 Hours

A. Insurance terms and related concepts

1. Insurance
2. Insurable interest
3. Hazard
  - a. Physical
  - b. Moral
  - c. Morale
4. Peril (causes of loss)
  - a. Specified (named) perils
    - (1) Standard fire
    - (2) Extended coverage
    - (3) Broad form
  - b. Open perils (all physical loss)
5. Loss
  - a. Direct
  - b. Indirect
6. Proximate cause
7. Deductible
8. Principle of Indemnity
9. Actual cash value
10. Replacement cost
11. Limits of liability
12. Coinsurance
13. Pair and set clause
14. Extensions of coverage
15. Additional coverages
16. Accident
17. Occurrence
18. Cancellation
19. Nonrenewal
20. Vacancy and unoccupancy

21. Right of salvage
  22. Abandonment
  23. Liability
  24. Negligence
- B. Policy provisions and contract law
1. Parts of a policy
    - a. Declarations
    - b. Insuring agreement
    - c. Conditions
    - d. Exclusions
  2. Definition of the insured
  3. Duties of the insured
  4. Obligations of the insurance company
  5. Mortgagee rights
  6. Proof of loss
  7. Notice of claim
  8. Appraisal
  9. Pro rata liability (other insurance)
10. Assignment
11. Subrogation
12. Arbitration
13. Elements of a contract
  14. Warranties, representations, and concealment
15. Warranty
- a. Affirmative
  - b. Promissory
16. Breach of warranty
17. Concealment
18. Binders
19. Sources of insurability information
20. Fair Credit Reporting Act
- C. Types of policies

1. Standard fire
2. Personal lines
  - a. Dwelling (DP forms)
  - b. Homeowners (HO) forms
  - c. Mobile homes
3. Homeowners policy
4. Watercraft
5. Flood insurance
6. Commercial Lines
  - a. Commercial package policy (CPP)
    - (1) Building and personal property coverage Form
    - (2) Causes of loss forms
    - (3) Business income coverage form
    - (4) Extra expense coverage form
    - (5) Boiler and machinery coverage form
7. Inland marine
  - a. Personal floaters
  - b. Commercial floaters
8. Other policies
  - a. Flood insurance
  - b. Personal Watercraft
  - c. Farm and ranch insurance
  - d. Commercial ocean marine
  - e. Earthquake insurance

V. Wisconsin Property Insurance Law -- 2 Hours

- A. General rate standards - use and file provisions
- B. Prohibited classification of risks
- C. Surplus lines
  1. Definitions
  2. Prohibitions and restrictions
  3. Responsibilities of agents and brokers
- D. Oral contracts
- E. Content of forms
- F. Definition of loss
- G. Wisconsin Insurance Plan
- H. Valued policy law
- I. Vacancy rule

J. Time period for filing claim

APPENDIX 3 - LIFE INSURANCE COURSE REQUIREMENTS

SECTION A

- I. Principles of Insurance -- 1 Hour
  - A. Definition of risk
  - B. Risk management
  - C. Insurable and noninsurable risk
  - D. Pooling concept--law of large numbers
  - E. Types of insurance companies
  - F. Reinsurance
  
- II. General Wisconsin Insurance Laws -- 4 Hours
  - A. Duties and powers of Insurance Commissioner--statutory and rule-making
  - B. Knowledge of administrative action process, including hearings and penalties
  - C. Purpose of licensing, including procedures and who must be licensed
  - D. Record keeping and changes in agent status, including change of name or address
  - E. Agent license expiration, revocation, suspension, and limitation
  - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
  - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
  - H. Unfair claims methods and practices--timely payment of claims
  - I. Fair rating practices
  - J. Home and telephone solicitation requirements
  - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
  - L. Controlled business
  - M. Proper exchange of business
  - N. Unfair marketing practices
    - 1. Misrepresentation
    - 2. Unfair inducement
    - 3. Unfair discrimination
    - 4. Extra charges
    - 5. Influencing employers

6. Unfair use of official position
7. Returning indicia of agency
8. Churning
9. Twisting
10. Restraint of competition
11. Unfair restriction of contracting parties choice of insurer

O. Insurance contracts in Wisconsin

III. Ethics -- 3 Hours

- A. Fiduciary duties and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of product to client
- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise

SECTION B

IV. Life Insurance -- 9 Hours

A. Purpose of life insurance

B. Types of policies

1. Term life

- a. Level term
- b. Decreasing term
- c. Increasing term
- d. Special features

- (1) Renewable
- (2) Convertible

2. Whole life

- a. Ordinary life
- b. Limited pay policies
- c. Single pay policy
- d. Modified and graded premium whole life
- e. Adjustable life

3. Interest-sensitive life products

- a. Variable life
- b. Universal life
- c. Variable universal life
- d. Interest-sensitive whole life

4. Endowment

5. Combination plans

- a. Family policy
- b. Family income policy
- c. Family maintenance policy
- d. Joint life
- e. Survivorship life

6. Annuities - non-qualified

- a. Single, level, and flexible premium
- b. Immediate and deferred
- c. Fixed and variable

7. Retirement plans - qualified

- a. Individual Retirement Account (IRA)
- b. 403(b) Plan - Tax Sheltered Annuity (TSA)
- c. Simplified Employee Pension (SEP)
- d. Self-employed Keogh (HR-10) Plans
- e. 401 (k) Plans
- f. Defined contribution plan
- g. Defined benefit plan

8. Group life insurance

9. Life insurance sold to fund prearranged funeral plans
  10. Viatical settlements
- C. Other insurance concepts
1. Business insurance
    - a. Key employee life
    - b. Buy and sell agreement
    - c. Split dollar plan
  2. Third-party ownership
  3. Accelerated death benefits - living benefits
- D. Social security benefits and taxes
1. Retirement benefits
  2. Survivorship benefits
  3. Disability benefits
  4. Tax treatment of insurance premiums, proceeds, dividends
    - a. Individual life
    - b. Group life
    - c. 1035 exchange form
- E. Policy Riders, provisions, options, and exclusions
1. Policy riders
    - a. Waiver of premium
    - b. Guaranteed insurability
    - c. Payor benefit
    - d. Accidental death and dismemberment
    - e. Term riders
    - f. Other insureds
  2. Policy provisions and options
    - a. Entire contract provision
    - b. Insuring clause
    - c. Free look
    - d. Consideration
    - e. Owner's rights
    - f. Beneficiary designations
      - (1) Primary, contingent, and tertiary
      - (2) Revocable and irrevocable
      - (3) Changes
      - (4) Common disaster
    - g. Premium payment

- (1) Modes
      - (2) Grace period
      - (3) Automatic premium loan
      - (4) Level or flexible
    - h. Reinstatement
    - i. Policy Loans, withdrawals, partial surrenders
    - j. Nonforfeiture options
    - k. Dividends and dividend options
    - l. Incontestability
    - m. Assignments
    - n. Suicide
    - o. Misstatement of age
    - p. Settlement options
  - 3. Policy exclusions
- F. Completing and application, underwriting, and delivering the policy
  - 1. Completing the application
    - a. Required signatures
    - b. Changes in the application
    - c. Consequences of incomplete applications
    - d. Warranties and representations
    - e. Collecting the initial premium and issuing the receipt
  - 2. Underwriting
    - a. Insurable interest
    - b. Medical information and consumer reports
    - c. Fair Credit Reporting Act
    - d. Risk classification
  - 3. Delivering the policy
    - a. When coverage begins
    - b. Explaining the policy and its provisions, riders, exclusions, and ratings to the client
- V. Wisconsin Life Insurance Law -- 3 Hours
  - A. Life insurance marketing
    - 1. Bonuses
    - 2. Policy replacement
    - 3. Backdating
    - 4. Proposal requirements
    - 5. Life insurance sold with a mutual fund
    - 6. disclosure requirements - life insurance
    - 7. Policy summary/life insurance illustrations
    - 8. Other selling requirements

9. Requirements for advertisements, representations, and solicitations
  10. Disclosure requirements - annuities
  11. Preliminary contract summary
- B. Definition of a variable contract
  - C. Contestability of individual life policies by insurer
  - D. Assignment of rights
  - E. Misstatement of age
  - F. Designation of beneficiary
  - G. Special requirement related to AIDS
  - H. State life insurance fund

APPENDIX 4 - ACCIDENT AND HEALTH INSURANCE COURSE REQUIREMENTS

SECTION A

- I. Principles of Insurance -- 1 Hour
  - A. Definition of risk
  - B. Risk management
  - C. Insurable and noninsurable risk
  - D. Pooling concept--law of large numbers
  - E. Types of insurance companies
  - F. Reinsurance
  
- II. General Wisconsin Insurance Laws -- 4 Hours
  - A. Duties and powers of Insurance Commissioner--statutory and rule-making
  - B. Knowledge of administrative action process, including hearings and penalties
  - C. Purpose of licensing, including procedures and who must be licensed
  - D. Record keeping and changes in agent status, including change of name or address
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  - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
  - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
  - H. Unfair claims methods and practices--timely payment of claims
  - I. Fair rating practices
  - J. Home and telephone solicitation requirements
  - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
  - L. Controlled business
  - M. Proper exchange of business
  - N. Unfair marketing practices
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    - 3. Unfair discrimination
    - 4. Extra charges
    - 5. Influencing employers

6. Unfair use of official position
7. Returning indicia of agency
8. Churning
9. Twisting
10. Restraint of competition
11. Unfair restriction of contracting parties choice of insurer

O. Insurance contracts in Wisconsin

III. Ethics -- 3 Hours

- A. Fiduciary duties and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of product to client
- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise

SECTION B

IV. Accident and Health Insurance--9 Hours

A. Purpose of accident and health insurance

B. Types of policies

1. Medical expense policies

- a. Basic hospital, medical, and surgical policies (base or scheduled policies)
- b. Major medical policies
- c. Comprehensive major medical policies
- d. Long Term Care
- e. Health Maintenance Organizations (HMO)
- f. Preferred Provider Organization (PPO)
- g. Multiple Employer Trusts (MET)
- h. Multiple Employer Welfare Association (MEWA)
- i. Service organizations (Blue Plans)

2. Disability income

- a. Individual disability income policy
- b. Business overhead expense policy
- c. Business disability buyout policy
- d. Group disability income policy

3. Accidental death and dismemberment

4. Group insurance

- a. Group conversion
- b. Differences between individual and group contracts
- c. General concepts
- d. COBRA

5. Medicare supplement and Medicare select policies

C. Policy provisions, clauses, and riders

1. Mandatory (uniform policy) provisions

- a. Entire contract
- b. Time limit on certain defenses (incontestable period)
- c. Grace period
- d. Reinstatement
- e. Notice of claim
- f. Claim forms
- g. Proof of loss
- h. Time of payment of claims
- i. Payment of claims
- j. Physical examination and autopsy
- k. Legal actions
- l. Change of beneficiary

2. Optional provisions

- a. Change of occupation
- b. Misstatement of age

- c. Illegal occupation
  - 3. Other provisions and clauses
    - a. Insuring clause
    - b. Free look (10-day, 20-day, etc.)
    - c. Consideration clause
    - d. Probationary (waiting) period
    - e. Elimination (waiting) period
    - f. Waiver of premium
    - g. Exclusions
    - h. Pre-existing conditions
    - i. Recurrent disability
    - j. Coinsurance
    - k. Deductibles
  - 4. Riders
    - a. Impairment rider
    - b. Guaranteed insurability rider
    - c. Multiple indemnity rider (double, triple)
  - 5. Rights of renewability
    - a. Noncancellable
    - b. Cancelable
    - c. Guaranteed renewable
    - d. Conditionally renewable
    - e. Optionally renewable
    - f. Period of time
- D. Social insurance
  - 1. Medicare
    - a. primary, secondary payor
    - b. Medicare and Choice
  - 2. Medicaid
  - 3. Social security benefits
  - 4. Badger Care
- E. Other insurance concepts
  - 1. Total, partial, and residual disability
  - 2. Owner's rights
  - 3. Dependent children benefits
  - 4. Primary and contingent beneficiaries
  - 5. Modes of premium payments (monthly, quarterly, annually, semiannual, etc.)
  - 6. Nonduplication and coordination of benefits (e.g., primary vs. excess)

7. Occupational vs. nonoccupational
8. Tax treatment of premiums and proceeds of insurance contracts (e.g., disability income, and medical expense, etc.)
9. Managed care

F. Field underwriting procedures

1. Completing application and obtaining necessary signatures
2. Explaining sources of insurability information (e.g., MIB Report, Fair Credit Reporting Act, etc.)
3. Upon payment of initial premium, giving prospect conditional receipt, and explaining the effect of that receipt (e.g., medical exam, etc.)
4. Submitting application (and initial premium, if collected) to company for underwriting
5. Assuring delivery of policy to client
6. Explaining policy and its provisions, riders, exclusions, and ratings to clients
7. In cases where initial premium did not accompany application, obtaining signed statement of continued good health, and obtaining premium for transmittal
8. Contract law
  - a. Requirements of a contract
  - b. Insurable interest
  - c. Warranties and representations
  - d. Unique aspects of the health contract
    - (1) Conditional
    - (2) Unilateral
    - (3) Adhesion

V. Wisconsin Health Insurance Law -- 3 Hours

A. General policy provisions

1. Right of return
2. Right of insurer to contest
3. Pre-existing conditions
4. Application responsibilities for accident and health
5. Grace periods

B. Mandated benefits

1. Handicapped children
2. Newborn children

3. Declined risks
  4. Alcoholism, drug abuse, and mental and nervous disorders
  5. Home health care
  6. Skilled nursing care
  7. Kidney disease treatment
  8. Diabetes
  9. Maternity benefits
  10. Nurse practitioners
  11. Optometrists
  12. Chiropractic
  13. Adopted children
  14. Grandchildren
  15. Mammograms
  16. Lead screening
  17. TMJ coverage
  18. Hospital/anesthesia coverage for dental care
  19. Breast reconstruction
- C. Wisconsin Medicare supplements
- D. Requirements of Medicare supplements
- E. Special nursing home and long term care regulations for nursing home and long term care policies
- F. Special provisions, sale of group or individual health to small employers
- G. HIPAA (Health Insurance Portability and Accountability Act)
- H. Continuation and conversion privileges
- I. Cancer insurance and other dread disease
- J. Marketing methods and practices
1. Advertising  
Company approval of advertising
  2. Suitability
  3. Outline of coverage

4. Policy replacement
  5. Identification of insurer (advertiser)
  6. Testimonials, endorsements, or commendations by third parties
  7. Disparaging comparisons and statements
- K. Health Insurance Risk-Sharing Plan (HIRSP)

SECTION 9. Chapter Ins 26 Appendix 6 is repealed and recreated to read:

Appendix 6

EXEMPTION FORM FROM PRELICENSING REQUIREMENTS

(Note: Must be on green paper)

I hereby certify that I am exempt from the prelicensing requirement for the following reason(s):

\_\_\_\_ 1. Applicant for a limited line insurance license for automobile, credit life/credit accident and health, managing general agent, or title.

\_\_\_\_ 2. Any applicant who has completed a two-year Wisconsin vocational school degree in insurance (attach an original transcript).

\_\_\_\_ 3. Any applicant who has completed a four-year college degree in business with an insurance emphasis (attach an original transcript).

\_\_\_\_ 4. Any applicant applying for an original resident license who held a license within the previous 6 months as a resident insurance agent in another state for each of the lines applied for in Wisconsin (attach an original resident state letter of clearance dated not more than 60 days prior to the date of application as evidence of previous licensure).

I have attached the necessary documentation.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

Attachments

SECTION 10. INITIAL APPLICABILITY. This rule, except for the changes to s. Ins 6.61, applies to any applicant who seeks to be licensed or is tested for an insurance license after January 1, 1999. Changes to s. Ins 6.61 apply to all intermediaries.

SECTION 11. EFFECTIVE DATE. This rule will take effect on January 1, 1999, as provided in s. 227.22 (2) (b.), Stats.

Dated at Madison, Wisconsin, this \_\_\_\_\_ day of November, 1998.

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Randy Blumer  
Commissioner of Insurance